



STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS
California's Investment and Financing Authority

NEWS RELEASE

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Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

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CONTACT: Kam Coveyou
916-327-6696

Department of Corporations Takes Enforcement Action Against Suspected Ponzi Scheme Operator

James P. Lewis, Financial Advisory Consultants Ordered to Stop Selling Unlawful Investments

Sacramento, January 6, 2004 --- The Department of Corporations today announced that it has issued a Desist and Refrain order against James P. Lewis and Financial Advisory Consultants (FAC), pursuant to section 25532 of the Corporate Securities Law of 1968. The order directs the firm and Lewis, the president and funds manager of FAC, to stop selling unqualified, nonexempt securities to the public. The Department continues to evaluate whether additional violations exist, and to share information from its ongoing investigation with other enforcement agencies.

“Investors throughout the United States, many of whom heard of FAC from fellow members of their churches, invested millions of dollars in FAC’s funds,” said Kam Coveyou, a spokesperson for the California Department of Corporations. “Experience has shown that many scammers use religion as a connection to gain the trust of unsuspecting victims, and then steal their life savings. This case is an excellent reminder for California consumers to call 1-866-ASK-CORP before making an investment, to make sure the security is properly qualified with the Department of Corporations.”

Federal authorities have also begun enforcement actions. The FBI served a search warrant on Lewis on December 22, seizing documents and computers from the Lake Forest investment company’s office. The Securities and Exchange Commission filed a civil complaint in federal district court the same day, alleging that Lewis was operating a fraudulent scheme. On December 23, a federal judge issued a temporary restraining order against Lewis, freezing FAC’s assets.

The Department of Corporations is California's Investment and Financing Authority, reporting to the Business, Transportation and Housing Agency and the Governor. The Department is

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responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, see the Department's Web site at www.corp.ca.gov or call 1-866-ASK-CORP (1-866-275-2677).

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